

THE NATIVE ASPHALT COMPANY

136 East South Temple
University Club Building, Suite 1750
Salt Lake City, Utah 84111
(801) 532-7510

3/047/036
RECEIVED
NOV 01 1988

November 1, 1988

DIVISION OF
OIL, GAS & MINING

L.P. Braxton
Administrator
Mineral Resources
Division of Oil Gas and Mining

Dear Mr. Braxton:

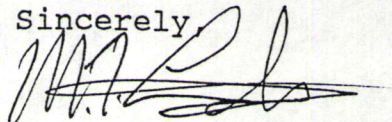
We are in receipt of the enclosed letter from Holland Shepherd dated Oct. 27, 1988. We are troubled by his claim that we have not obtained the proper permit to mine in the area. Enclosed is the letter of authorization DOE/047/026 you sent us to conduct mining operations. We have been doing testing work at the site since the authorization was obtained. If the rules for permitting the site have changed then we have not been informed but are willing to comply.

Shepherd suggests that there is a spring on the mine site. We have completed drilling in the area EXP/047/035 and believe after extensive field evaluation that the water presently on the mine site comes as runoff from the perennial stream. We are in the process of installing a system that will take water from the perennial stream past the mine and into its natural drainage, hopefully mitigating any adverse impact to the area.

We have had DOGM people on the property reviewing the drilling and mining and never had any complaints about our manner of operating until Shepherd's letter. We have made a good effort to comply with the rules and will continue to do so.

In the future, we would appreciate members of the Division investigating the past actions of our group on the site before sending accusatory letters.

Sincerely,



Mark F. Lindsey